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## The Political Economy of Chinese Rural Industry And Commerce in Historical Perspective

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### Résumés

English Français

Abstract

The studies of Chinese reform era rural industry and commerce usually do not consider the political economy before 1949. This article suggests several ways in which an understanding of the political economy of Chinese handicraft industry and commerce in the eighteenth, late nineteenth and early twentieth centuries as well as in the period since 1949 can strengthen understanding of current practices and future possibilities. It considers especially the role of social networks in reducing transaction costs and the particular ways in which officials encouraged rural industry in different historical periods in order to highlight features of recent Chinese practices that may make more sense when we recognize how they draw upon assumptions and sensibilities typical of earlier periods of Chinese political economy.

Résumé

Les études sur l'industrie rurale et le commerce à l'ère des réformes chinoises n'envisagent généralement pas l'économie politique d'avant 1949. Cet article suggère que l'analyse de la politique tant artisanale qu'industrielle et commerciale chinoise au XVIII<sup>e</sup>, à la fin du XIX<sup>e</sup> et au début du XX<sup>e</sup> siècle, ainsi que depuis 1949, peut nous aider à mieux comprendre les pratiques actuelles et les options d'avenir. Il considère en particulier le rôle des réseaux sociaux dans la réduction des coûts de transaction et les manières spécifiques dont les représentants de l'État ont encouragé l'industrie rurale à différentes époques. Cela permettra de souligner les particularités de récentes pratiques et de voir comment elles s'inspirent d'idées reçues et de sensibilités caractéristiques de périodes plus anciennes de l'économie politique chinoise.

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### Texte intégral



# The dramatic growth of small-scale

- 1 Industries and commerce in China during the past two decades has been a development that scholars most typically locate within one of two explanatory frameworks. Some observers evaluate these changes according to economic principles, seeking to show how these enterprises respond effectively to market opportunities in an expanding commercial economy. Alternatively, analysts place these changes at the intersection of government policy changes and local conditions. Both perspectives help to explain the dynamics and impacts of these important changes. One highlights the general principles of production and exchange that flourish in market settings; the other focuses more intensively on the particular patterns produced by the interactions between the Chinese government's many levels and local social networks and organizations. In either case, recent Chinese changes are conceived with at most modest historical depth reaching back to the late 1950s. This article offers a longer historical perspective. It examines economic, political and social factors responsible for rural industries and commerce in earlier times in order to consider the ways in which the creation of TVE (township and village enterprises) has drawn upon a repertoire of possibilities shaped by earlier practices.<sup>1</sup> For economic factors, I will stress gains to be achieved from reducing transaction costs. In particular, I will look at the ways in which transaction costs can be reduced by both formal and informal mechanisms. For political and social factors, I will consider the changing characteristics of agrarian political economy across three periods before 1978, the high Qing (18th century), the late Qing and Republican period (late 19th-mid-20th century), and the post-1949 decades before the reform era. The article aims to identify a combination of ways in which practices in each period built upon earlier ones and shaped the possibilities for subsequent times.

## The high Qing economic expansion

- 2 China's population, territory and economy all grew during the eighteenth century. Eighteenth-century economic expansion built on a commercial base formulated in the Song dynasty (960-1279) and elaborated upon during the Ming dynasty (1368-1643). Between 1500 and 1800 an increase in commercialized production took place over much of China. By 1600 peasants and artisans in the Jiangnan region had expanded their production of silk and cotton textiles to supply much of the empire with better quality fabrics. By 1750 the continued expansion of textiles and other production depended on the growing imports of grain from the areas upstream along the Yangzi River. In addition Jiangnan also imported raw cotton in the first half of the eighteenth century, causing Yin Huiyi, Henan Governor from 1737 to 1739, to lament the failure of Henan peasants to produce cotton cloth locally, thereby contributing to the livelihoods of poorer peasants [1821]. Over time, peasants in Henan, as well as other provinces began to weave lower grades of cotton cloth. Jiangnan continued to sell higher grades of cloth on a broad scale, while other regional economies began to produce more of their own lower grades of cloth. In certain instances it is quite clear that officials promoted the spread of handicraft and crop technologies. Governor Chen Hongmou, for instance, promoted sericulture in mid-eighteenth century Shaanxi by establishing silkworm bureaus (*canguan*) in the provincial capital and a number of prefectural seats; he brought in weavers to demonstrate silk weaving techniques [1821a, 1821b, 1821c]. With and without active official promotion, best technologies tended to spread from advanced centers with the result that other areas began to develop a diverse range of products. China's most economically advanced eighteenth-century regions, Jiangnan and the Pearl River delta, remained more productive than many other regions, but the spread of crops and technologies meant that they distanced themselves only so far economically from other parts of the empire.

- 3 On paddy lands of Jiangnan and Guangdong complex regimes of rice and mulberry and fish ponds were established [Li 1998; Marks 1998]. On hill lands of different provinces there was increased planting of various cash crops – teas, tobaccos, indigo [Zheng 1989: 327-374]. Trade of differing spatial scales developed as commercial production increased. In some cases the special crops and handicrafts of a particular area found a very wide ranging market; examples include Fujian teas, Foshan ironware, or Jingdezhen pottery. But in more numerous cases the development of cash crops and textiles was destined for commercial circulation within more limited spatial settings; this was especially true for the most important commercial commodities in terms of value and volume – grains and textiles. On China's peripheries, the government played a more direct role by transferring resources to promote production and exchange. This comes out clearly in the case of granaries, which stocked more grain *per capita* in peripheral areas than in cores [Will and Wong 1991: 295-319].
- 4 Officials promoted the spread of best technologies at the same time as they stressed grain production for subsistence security. While the two priorities might seem contradictory – increasing cash crops and handicrafts can reduce the labor spent on grain production – they had a common result. Both tended to expand production and commercial circulation within different portions of the empire rather than across the empire as a whole. Officials certainly recognized the importance of particular very long-distance marketing networks, especially that of the grain trade along the Yangzi River, stretching from Sichuan to Jiangsu with further transshipments from Suzhou to areas along the southeast coast. The most successful merchant groups from Huizhou and Shanxi established commercial networks with financial and production connections across many provinces. These developments were joined to a more general opening of new land and the spread of technologies to exploit resources more fully. Local officials were expected to achieve these goals without being able to use any local expansion of wealth or trade to become the basis for their own power growing. For this reason commercial taxes were kept light because their collection could have ended up lining the pockets of local officials.
- 5 In the Qing dynasty, whenever some commercial venture came to require more than just a few people, individuals often turned to relatives outside the immediate family to find additional personnel. Kinship networks provided a considerable pool of people for whom social bases of accountability existed quite separately from those of state law. Kin could be trusted with commodities in long-distance trade because they were tied to each other by more than the specific transactions themselves and thus would have fewer incentives to cheat than people without such ties would have. But kinship networks could not on their own create a large enough pool of people within which a merchant and his relatives might find people with whom to do business. To increase the numbers of commercial relations that could be entered into with a higher degree of trust than would otherwise exist in the absence of effective formal state institutions, Chinese relied upon native place associations. These associations, located in different cities where people from the same locale could expect to make contacts with people from their home areas, performed a variety of social as well as economic functions. In some cases there was an overlap between occupation and native place association; sometimes a native place association might include several discrete occupations. Beyond these occupational functions, native place associations were information nodes for new immigrants. They could offer them help in making the transition to a new environment and thus made possible migrations that would otherwise be far more difficult. For present purposes, the most relevant activities of native place associations were those related to economic activities, to production, trade, and to finding work.<sup>2</sup>
- 6 Dealing with kinsmen and people from the same native place helped reduce risk in many commercial transactions, but merchants in the Qing empire, like those in other places, still found it necessary to deal with people who were neither relatives nor members of the same native place associations. In these situations especially they faced the problems of assuring performance by others as written in contracts. Usually contracts stipulated a middleman, often from the same guild or native place association,

who guaranteed a person's meeting contractual obligations. Beyond these kinds of guarantees, a merchant could reduce the likelihood of contractual problems by dealing with merchants with reputations for honesty. Not surprisingly therefore, merchants were counseled by writers of merchant handbooks to develop good reputations. Being known as honest, fair, and trustworthy was a sound strategy for increasing business [Lufrano 1997]. What is striking about the general range of mechanisms employed by Chinese merchants to reduce risks in commercial transactions is the absence of state adjudication and enforcement.

7 Many of the key mechanisms facilitating the commercial expansion of the eighteenth century were largely informal, in the nature of social practices generated by people seeking to find means to reduce uncertainty and expand their profits. The general reduction of uncertainty in long-distance trade meant that the transaction costs were lower and this in turn meant that more trade could take place. Our contemporary expectations derived from the new institutional economics identify the state's efforts to specify and protect property rights as the basic way in which transaction costs are reduced. While there is an empirical basis for making such an argument from European historical data, the same principles seem less able to account for the Qing commercial expansion. It is informal social practices rather than formal government rules that clearly mattered more.

8 Through the eighteenth century, China's commercial economy expanded dramatically. Where *per capita* incomes rose, the basic economic logic enabling these developments was a market-based division of labor that promoted specialization and the efficient use of resource endowments. Peasants in some wealthier parts of the country, including those in the richest region of Jiangnan, likely increased their household incomes as they exploited market opportunities for crops and handicrafts. But peasants in poorer regions of the empire were already beginning by the late eighteenth century to exhaust their local ecologies. Government policies to encourage the development of poorer peripheries were in the short run helpful, but in the long run could contribute to economic difficulties. The case of southern Shaanxi in North China is instructive. After immigration in the late seventeenth and early eighteenth centuries replenished populations that had been reduced by the warfare attending the transition from the Ming to the Qing dynasty, the area began to grow beyond its Ming levels in both population and economic production. New food crops on hill lands, such as corn and sweet potatoes, joined wheat and millet to feed a population that included people engaged in the timber trade, paper making and iron works. By the mid-nineteenth century the resource base of the area had been significantly depleted and crops and crafts that had previously flourished were in decline [Chen and Zuo 1988; Fang 1979; Tan 1986; Xiao 1988]. Such difficulties became more prevalent in the nineteenth century. The collapse or reduction of various government operations, such as the granary system, exacerbated the likelihood of economic difficulties in the peripheries [Pomeranz 1993: 153-211; Will and Wong *op. cit.*: 75-92, 295-310]. As a result, the gap between wealthier and poorer regions of the empire very likely began to grow by the early nineteenth century.

## From Empire to Republic

9 The relationship between merchants and government began to change during the second half of the nineteenth century. As the state increasingly relied on commercial sources of revenue, new forms of taxation became necessary. These in turn increased the need officials experienced to have merchants be well organized in order to make communications and negotiations with them more efficient. Merchants generally agreed to expanded fiscal roles and some took on more urban social responsibilities as well. More controversial were the new forms of political participation to which merchants aspired. Merchants expected, through their chambers of commerce and other new

forms of association, to have a clearer voice in policy matters affecting them directly as well as other issues of state that they considered to be of broader social significance. Officials were reluctant to acknowledge these expectations, preferring instead to reaffirm and circumscribe economic and social roles for merchants.

10 Regarding rural industry more specifically, late nineteenth and early twentieth-century officials made surveys and formulated proposals to increase various kinds of craft and cash crop production. The principal motivation was one of improving the people's livelihoods. A book published in 1907, *Zhili gongyizhi chubian* (*An initial study of the industrial arts in Zhili*), explains how industrial arts bureaus were established along with schools to organize and promote industrial production. Much of the production was small-scale and included both urban and rural locations; officials gathered information on both industrial production, such as iron and paper factories, as well as on local handicrafts and cash crops. An effort was made to coordinate data collection, systematize knowledge and implement increasing numbers of small factories in as many parts of the province as seemed possible. In an example from 1919, officials across Jiangsu went into their counties to assemble information on industry and agriculture; much of the industry was either located in small workshops or in rural households. Officials jointly assessed agricultural and industrial conditions together, seeing a union of the two responsible for promoting prosperity in a manner similar to what had existed in late imperial times. These concerns were framed within a more systematic view of rural reform necessary to expand production, but the elements of concern themselves built upon earlier aspirations to promote the spread of technologies and to improve the conditions upon which peasants could make their livings [Jiangsusheng changgongzhu di se ke 1919]. There were also at least two important changes. First, new technologies became available; these required more capital and access to new sources and kinds of knowledge. Second, a primary vehicle for gaining this knowledge and supplying the capital came from a new merchant elite pushing for a broad spectrum of economic and political changes. Some of them, like Zhang Jian, even became officials and were thus able to more closely tie government to certain aspects of rural industrial development. In the early twentieth century, rural industry's development was shaped in new ways by the ties formed between officials and entrepreneurs, despite the government's desire to limit the ways in which these closer relations might compromise its power and authority.

11 Distinct from developments in the countryside, early twentieth-century officials elaborated upon the aspirations of an earlier generation of self-strengtheners to make plans to develop heavy industry. The purpose of these plans was to strengthen the state, by providing the industrial base to build armaments, such a process allowed the country to defend itself militarily and the government to consolidate its power and extend its authority. Relatively little of the Nationalist government's plans actively came to fruition. The plans were significant, nevertheless, for two reasons. First, they continued a sharp division between heavy industrialization conceived as a state guided process for political purposes and light industrialization as a private and more narrowly economic phenomenon, part of which remained based in rural areas. Second, the plans formed a part of the heritage taken over by the Communists when they came to power. The Communists did not initially see much future for rural industry in the early 1950s, believing as did all other policy makers and analysts within and beyond the socialist bloc that industrialization took place outside the agrarian sector. This perspective was reinforced by a political interest in removing all petty and not-so-petty entrepreneurs who could be easily labeled as capitalist vestiges and thus deserving eradication in a socialist system. At the same time, however, the Communists built their official presence in the countryside on the basis of the expanded efforts initially made by late Qing and Republican officials to organize and direct economic development. The Communists too believed, in fact perhaps even more than their predecessors, that they were responsible for people's livelihoods.

# Rural industry and commerce under socialism, 1949-1978

- 12 The socialist planning process in the 1950s divided industry and agriculture into bureaucratically separate spheres. This economic separation was expressed socially by barriers to migration between urban and rural areas. The state owned enterprises in cities offered lifetime employment, heavily subsidized housing, and access to other social services and economic benefits. Rural residents lacked access to benefits and services of these kinds.
- 13 By the mid-1950s the principal division of the economy into a sector of state owned enterprises and collective enterprises largely corresponded to an economic division between industry and agriculture and a social division between urban and rural settings. Leaders could agree on the goals of increasing economic output and assuring material security for all people, but the most important methods used to pursue these goals were not agreed upon. For commerce, Dorothy Solinger has effectively shown three tendencies among policy makers, those favoring bureaucratic plans, markets, and a escape from both plans and markets [1984]. Promoters of centralized planning aimed to control bureaucratically the allocation of resources and distribution of products; until roughly 1980, they usually viewed heavily regulated exchange as the norm for commercial activity. Those more openly favorable to market exchange have believed supply and demand conditions to be desirable indicators of what to produce and where to sell products; these tendencies have become far more visible in the past two decades. Finally, those critical of both markets and centralized bureaucratic planning generally sought ways to make local areas more autonomous from both, believing that production and consumption were best conceived as community-based activities; while labeled by many analysts as radicals, proponents of an anti-plan and anti-market vision of production and exchange were harkening back to a somewhat fictive period in which neither markets nor government influenced economic life very greatly.
- 14 For rural commerce more specifically, the marketing infrastructure built up over the late imperial period declined in scale and importance. Some 45,000 rural markets operating in 1953 were reduced to roughly 37,000 by 1965 and only 33,300 by 1978, a twenty-five year period during which population increased from some 507 million to 775 million [Skinner 1985: 405]. The numbers and autonomy of merchants were both reduced in the 1950s as commercial exchange in the countryside increasingly became subordinated to bureaucratic structures of redistribution. The remarkably well-integrated late imperial commercial system built by itinerant peddlers, traveling merchants, wholesalers and retail shops spanning peasant markets and urban commercial centers was dismantled. Bureaucratic control was strongest in urban centers and relatively prosperous rural areas. In contrast to the eighteenth-century political economy of agrarian empire in which official intervention was greater in less developed areas and market forces given freer rein in economically advanced areas, a strong centralized regime in the 1950s chose to exert its bureaucratic control over wealthier areas.
- 15 Policy debates over commerce generally were never simply disagreements between those in favor of bureaucratic planning and those seeking greater market autonomy. The three tendencies identified by Solinger yield multiple mixes of coalitions of two against the third – bureaucrats and radicals favored administratively prices versus market advocates' preference for commercially defined prices; radicals joined forces with market advocates to push for decentralization against the bureaucrats' preference for centralized decision making; and bureaucrats and market advocates both placed more stress on growth than radicals appear to have [*op. cit.*: 74].
- 16 Within the stream of policy debates pitting different visions of political economy against each other, rural industry was pushed in the late 1950s as part of a radical mobilization plan intended to increase production dramatically. The Great Leap



Forward is famous for the folly of its backyard steel furnaces, but it also began the more successful production of chemical fertilizers. It also created a basis for industry in the countryside that fitted within the bureaucratic division of the industrial and agrarian sectors. By being outside the industrial plan, these rural collectives allowed radicals an initiative that was consistent with bureaucratic preferences for retaining a centralized plan for the vast bulk of industrial output. These collectives also resembled partially the industrial developments of the 1920s and 1930s in the Chinese countryside. In both cases local leaders were seeking to improve standards of living by expanding rural production beyond the agricultural base typical of both periods through the application of technologies that the people themselves would have been unable to mount on their own. What distinguished the two cases most deeply was the market orientation of the Republican era changes from the non-commercial framework for rural industry in the 1950s and 1960s. This would begin to change in the 1970s.

## Reform era rural industry and commerce in historical perspective

17 The rapid expansion of rural industries in the 1980s powered much of the early reform era industrial growth. At the base of rural industrial expansion was a freeing up of commercial relations in the countryside from efforts at close bureaucratic regulation. But contrary to neo-classical economic theory that anticipates a natural success for market principles when economic actors become unfettered by political constraints, the expansion of TVE depended upon the forging of expanded ties among economic agents. The new institutional economics suggests that market-based economic expansion takes place when governments supply the legal infrastructure necessary to secure property rights and thus reduce transaction costs. But China's reform era commercial expansion did not benefit from such a set of changes. Instead, commerce increased in large measure because rural enterprises were able to forge networks of trust with other enterprises that allowed them to engage in repeated exchanges without facing the challenges of insecure property rights and within a minimal legal framework that possessed at most modest capacities for enforcement. These practices built upon the relations forged among firms during the collective era when barter arrangements made up a salient part of socialist commerce. Before the 1980s, the use of informal contracting arrangements appeared as a complement, perhaps even a necessary one, to the formal socialist institutional structures; without the informal mechanisms used to complement the limitations of the formal system, exchanges of any kinds were very limited.<sup>3</sup>

18 In the 1980s, enterprises in China developed networks; some of the linkages were horizontal ones between enterprises. These resemble the kinds of horizontal networks forged by merchants in the late imperial period and even more so those created by some Republican era entrepreneurs who, like those in reform era China, combine production and distribution by the same enterprises. Other network linkages have connected local officials to entrepreneurs. Entrepreneurs desired these vertical linkages because officials in the 1980s and 1990s could facilitate access to raw materials and outlets for their products. For their part, officials formed connections to entrepreneurs as part of a larger spectrum of role they played in promoting rural industry and commerce. Here the linkages parallel to at least some modest degree those sometimes formed among entrepreneurs and officials during the Republican era. The many small-scale cadre-entrepreneurs based within their townships are in at least some sense multiple miniatures of early twentieth century entrepreneur-officials like Zhang Jian [Walker 1999: 101-129]. Thus, developments that we conventionally locate within a post-1949 Chinese context can be related to larger stretches of history. Seeing current developments as emerging out of historically created and conditioned possibilities may

help us better account for likely futures through specifying more closely what kinds of changes are taking place.

19 The economic reforms have made possible a far larger role for market forces and in many ways reduced the direct participation of party cadres and government officials in firm-level economic decision making. The most important exception to this general trend has been the expanded importance of village party secretaries in many locales. During the early 1980s, the expansion of village enterprises took place under the leadership and decision making of party secretaries and the groups of leaders they assembled locally. The commitment of local resources to new enterprises, the securing of loans, the acquisition of the necessary technologies, and the creation of marketing channels could all depend on the local party secretary. Some scholars have viewed the TVE developments of the 1980s in terms of local party secretaries and county and sub-county governments gaining power and resources at the expense of higher levels of political authority [Oi 1999]. The complementary interests of local political leaders in expanding their revenue bases and developing TVE alerts us to dimension of the political economy of rural industry and commerce in the reform era. In a certain way, the growing power local leaders have developed because of rural industry confirms the worries that Qing officials had about increasing government taxation of commerce as a means by which lower level officials might develop resource bases that higher levels of government would be unable to control. In another way the expansion of local industries and the often key roles played by party secretaries and county officials elaborates upon developments taking place in some Republican era locales where promoting local rural industry was envisioned as a way to create wealth and support local government.

20 The industrial transformation of much of the Chinese countryside in the 1980s and 1990s has built upon earlier economic and political dynamics. The initial logic of transforming an agricultural economy into one that has greater industrial activity makes sense in a society where much pre-industrial handicraft production remained rural for far longer than proved the case in those parts of Europe where industrialization took place. It was in fact a far more modest set of social changes to set up factories in villages employing rural residents than to have migration to cities to work in urban factories. Some of the new TVE were even located in family courtyards and depended on family labor, appearing as an extension of household-based late imperial handicraft production. Other new enterprises were separated from the households themselves, but even these caused less social dislocation than migration to cities and their urban factories [Wong *op. cit.*: 184-185].

21 The political economy of TVE has pushed forward possibilities perceived in earlier times as potential problems for a centrally integrated unitary imperial state. The development of locally based political strength based on fiscal resources tied to industry and trade had been a worry for an earlier form of government. The often-cited blurring of public and private associated with TVE development is also a blurring of political, economic and social bases of power in local areas. What began in some areas as the expansion of local party power into new economic arenas became the construction of new sources of economic wealth for older social elites related to the party powerful but anchored more deeply in local society than the regime itself. This has become more possible as the conditions favoring party secretary control over TVE became less prevalent.

22 Several factors appear to influence the likelihood of officials playing a major role in TVE development. Much depends on the nature of pre-1949 horizontal networks in an area and their persistence as potential frameworks for mobilizing capital and moving commodities. Thus, parts of Zhejiang, most famously Wenzhou, as well as coastal Fujian have seen much non-official development. Marketing systems can clearly build upon older ones as the Shen Yuan case in this journal issue demonstrates. Official development in contrast is, all other things being equal, more likely to be important where such networks don't exist. We see examples in this journal issue of both melons and bicycle seat covers that fit this category. There is a third general category of places,



those in which the collective era bequeaths a strong local bureaucratic presence; this happened in wealthy areas as well as poorer ones [Kung 1999]. More product specific features also appear to influence the likely roles of officials. In particular the capital requirements and the kinds of access to knowledge that are required may tell us a lot about the roles of officials, given the spatial taxonomy sketched above. The differences between the melon and suitcase stories in this journal issue include the amounts of capital and sources of technology.

23 Many of the changes taking place with the recent developments of rural industry and commerce are certainly new. The particular organizational and legal forms that rural enterprises are taking, for example, are certainly different from those that existed before. The range of commodities and construction of a consumer culture is also quite a change from what ever existed previously; within these developments many specific practices become ever more important, such as trade mark identification, discussed in one of this journal issue essays. That many new or radically expanded practices have emerged is hardly surprising. The more difficult issue is how to explain these features in terms of the kinds of changes that were likely to take place. Here it seems that putting these developments in a longer historical perspective helps.

24 The Communist regime sought to destroy much of the commercial infrastructure that had been built up during the late imperial period and elaborated upon during the Republican era. They succeeded in subordinating commercial activity to the central state, leaving small amounts of very local trade occasionally to remain within small administrative units. Yet the commercial expansion since 1980 has depended on a range of factors that overlaps significantly with factors present in earlier decades and even centuries. Reliance on kinship and friendship networks and the formation of informal bases of trust point to the shared limits and minimal roles, at least to date, of both late imperial and contemporary Chinese government as effective guarantors of property rights for rural commercial exchanges.

25 Over time, property rights will no doubt become more sharply defined, but whether or not they come to closely resemble forms of property typical in western industrial societies is by no means definite. Social networks will likely remain an important social source of informal mechanisms substituting for more moral state-provided institutions. A more general consumer culture is being constructed in rural as well as urban China. These changes, sometimes thought of as global are also recognized to be locally situated.

26 One way to span the spatial perspectives of global and local is to take a long run historical perspective. Consider one final example of such an historical perspective. A major challenge faced by both the political economy of agrarian empire and the political economy of reform era rural China is the role of higher levels of authority in reducing regional inequalities. Basic to eighteenth-century visions of agrarian stability were the efforts of officials to direct resources, knowledge, and government efforts to the poorer, more peripheral areas. Those efforts never could transcend the basic differences of resource endowments between rich and poor regions, but they fostered greater expansion than would likely have occurred without government intervention. The possibilities for their success depended in part on the absence of technologies that promote greater inequalities. Industrial technologies make larger economic gaps possible because areas able to exploit the opportunities that these technologies create, can more easily distance themselves from places where such opportunities are fewer. TVE have exacerbated the gaps in regional wealth at a time when the central government, as the main agent of resource redistribution, has had limited capacities to promote the kinds of development more typical of the coastal regions. How Chinese leaders face these challenges in the future will tell us a lot about the kind of political economy they create to replace earlier kinds of production and exchange.

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## Notes

1 I sketch some linkages between recent rural industrialization and late imperial economic patterns in Wong [1997: 184-187]. This article fills in the rough outlines provided therein.

2 One of the striking features of Chinese native place associations was the degree to which they represented different spatial scales of native, in general the further away the migrant place or the smaller its size, the larger the spatial catchment area of the native place association. This suggests some effort to create networks of some minimal size in order to be useful.

3 The relationship is an example of what J.C. Scott has seen in a broad variety of situations in which state efforts at creating state-controlled order are not viable without socially generated practices that fill in the spaces left empty by state efforts at control [1998].

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## ***Pour citer cet article***

### *Référence papier*

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## ***Droits d'auteur***

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